



SMALL BUSINESS RESOURCE GUIDE

COVID-19 Response



A Message from Congresswoman Lizzie Fletcher:

Dear Neighbor,

As we face the COVID-19 pandemic together, many of you have contacted me about the challenges facing small businesses and non-profit organizations that are pillars of our community.

As part of our ongoing efforts to respond to COVID-19, Congress passed the *CARES Act* to provide, among other things, resources for small businesses and non-profit organizations in the form of grants and loans that are administered by a network of local banks. There are two principal ways for small businesses to get grants and loans—which can be forgivable—through economic disaster loans and paycheck protection program loans relating to COVID-19. These programs can provide meaningful relief for businesses in our community.

To help navigate this process, my team and I have prepared the following guide to provide a helpful framework for the application processes and different funding opportunities that are available to you.

If you need assistance with the Small Business Administration or other federal agencies, my team and I are here to help you. Call my office in Houston at (713) 353-8680 or visit my website to [submit your request for help with your case](#). Please do not hesitate to [share](#) your thoughts or questions as we face this challenge together.

I am honored to represent you, and I am here to help you.

Sincerely,



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Small Business Resources

National Resources

- [United States Small Business Administration \(Loans\)](#)
- [United States Chamber of Commerce](#)
- [United States Small Business Administration Office of Entrepreneurial Development](#)
- [Office of Veterans Business Development](#)
- [Small Business Development Centers](#)

Texas/Houston-area Resources

- [Texas Secretary of State](#)
- [Texas Economic Development](#)
- [Office of the Governor's Small Business Handbook](#)
- [Houston SBA Guide](#) (includes localized information for):
 - Small business development centers
 - Women's business center
 - Veterans business outreach center
 - Programs for Veterans
 - Funding Programs
 - Approved SBA lenders
- [Houston Small Business Legal Consultations Program](#)



In response to the COVID-19 pandemic, the SBA is offering assistance through two principal programs: Economic Injury Disaster Loans and the Paycheck Protection Program.

1. Economic Injury Disaster Loans

The SBA's Economic Injury Disaster Loan (EIDL) program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. As of June 16, 2020, the SBA is accepting new EIDL applications for all eligible small businesses, non-profits, and agricultural businesses impacted by COVID-19.

Highlights

- Up to \$2 million in assistance
- May be used to pay fixed debts, payroll, accounts payable, and other expenses unable to be met due to COVID-19 pandemic
- Interest rates are 3.75% for small businesses without credit available elsewhere and 2.75% for non-profit organizations
- Loan is directly from the federal government (SBA)
- Applications must be submitted by June 30, 2020

Who Can Apply

- Small businesses (businesses with less than 500 employees or meet the industry size standard have been in existence since January 31, 2020)
- Small agricultural cooperatives and agricultural businesses as defined by section 18(b) of the *Small Business Act* (15 U.S.C. 647(b))
- Most private non-profit organizations
- Eligibility verification can be completed by [clicking here](#)

Terms

- The term of these loans will not exceed 30 years
- The repayment term will be determined by your ability to repay the loan
- EIDL assistance is available only to small businesses when SBA determines they are unable to obtain credit elsewhere
- A business may qualify for both an EIDL and a physical disaster loan. The maximum combined loan amount is \$2 million



Emergency Economic Injury Grants

These grants provide an emergency advance of up to \$10,000 after applying for an SBA Economic Injury Disaster Loan (EIDL). The amount of the advance, which can be at maximum \$10,000, is based on employee count, with \$1,000 given per employee. To access the Emergency Economic Injury Grants, request the grant under "Additional Information" at the end of your Economic Injury Disaster Loan application. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, to meet increased production costs due to supply chain disruptions, or to pay business obligations, including debts, rent, and mortgage payments.

How to Apply

Economic Injury Disaster Loans

- [Website](#)
- SBA Customer Service Center Phone Number: 1-800-659-2955
- SBA Customer Service Center Email: disastercustomerservice@sba.gov
- Phone Number for individuals who are deaf or hard-of-hearing: 1-800-877-8339
- Houston-area SBA Office: 713-773-6500

Documentation Needed

- [Disaster Loan Application](#), completed and signed
- A Disaster Assistance loan officer may request you to fill out additional forms found [here](#)

Key Tips

- Review the United States Chamber of Commerce [Small Business Guide and Checklist](#)
- Utilize the latest versions of Microsoft Edge or Internet Explorer
- Access the website outside of peak hours (after 6:00 PM, before 8:00 AM)
- Provide as much information as possible in order to make the process go as smoothly and efficiently as possible
- Applications must be submitted by June 30, 2020

Emergency Economic Injury Grants

- To access the Emergency Economic Injury Grant, request the grant under "Additional Information" at the end of your Economic Injury Disaster Loan application. This is the page where you will enter your bank account information. Receipt of the grant is not contingent upon approval of the loan.



2. Paycheck Protection Program

The Paycheck Protection Program (PPP) is designed to provide a direct incentive for small businesses to keep their workers on payroll by providing each small business a loan of up to \$10 million for payroll and certain other expenses. The SBA will forgive the portion of the loans used for payroll, rent, mortgage interest, or utilities, if certain conditions are met. These conditions include keeping payroll for twenty-four weeks and rehiring laid-off employees by December 31, as well as using 60% of the loan for payroll costs.

Highlights

- Up to \$10 million in assistance
- Loans provided by current SBA lenders
- May be used for payroll, rent, mortgage interest, or utilities
- Up to 100 percent of the loan is forgivable

How to Apply

- Loans are provided directly through approved lenders, including local banks. Banks are determining their application criteria for lending and may be restricting certain types of applications at this time. If you are unable to apply for a loan from your regular banking institution, please reach out to other banks on the SBA Lender List. Click here for a [list of approved lenders](#).
- Applications should be submitted directly to approved lenders. Please have your payroll records on hand. They are critical to the lending process.
- Download a [sample application form here](#)

Who Can Apply

- Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company
- Please note, businesses and entities must have been in operation on February 15, 2020

Terms (for any amount not forgiven)

- Minimum term of 5 years
- The maximum interest rate of 1%
- Zero prepayment fee (SBA will establish application fees caps for lenders that charge)



3. Assistance for the Self-Employed

The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized the Small Business Administration to temporarily guarantee loans through the Paycheck Protection Program, including for the self-employed.

Eligibility

You are eligible for a PPP loan if you were in operation on February 15, 2020; you are an individual with self-employment income (such as an independent contractor or a sole proprietor); your principal place of residence is in the United States; and you filed or will file a Form 1040 Schedule C for 2019.

Calculating the maximum amount to borrow and documentation required

How you calculate your maximum loan amount depends upon whether or not you employ other individuals.

If you have no employees, the following methodology should be used to calculate your maximum loan amount:

1. Find your 2019 IRS Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.
2. Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).
3. Multiply the average monthly net profit amount from Step 2 by 2.5.
4. Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must provide the 2019 Form 1040 Schedule C with your PPP loan application to substantiate the applied-for PPP loan amount and a 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record that establishes you are self-employed. You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.

If you have employees, the following methodology should be used to calculate your maximum loan amount:

1. Compute 2019 payroll by adding the following:
 - a. Your 2019 Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value), up to \$100,000 annualized, if this amount is over \$100,000, reduce it to \$100,000, if this amount is less than zero, set this amount at zero;
 - b. 2019 gross wages and tips paid to your employees whose principal place of residence is in the United States computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c- column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips; subtract



any amounts paid to any individual employee in excess of \$100,000 annualized and any amounts paid to any employee whose principal place of residence is outside the United States; and

- c. 2019 employer health insurance contributions (health insurance component of Form 1040 Schedule C line 14), retirement contributions (Form 1040 Schedule C line 19), and state and local taxes assessed on employee compensation (primarily under state laws commonly referred to as the State Unemployment Tax Act or SUTA from state quarterly wage reporting forms).
2. Calculate the average monthly amount (divide the amount from Step 1 by 12).
3. Multiply the average monthly amount from Step 2 by 2.5.
4. Add the outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).

You must supply your 2019 Form 1040 Schedule C, Form 941 (or other tax forms or equivalent payroll processor records containing similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions, if applicable. A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.

How can PPP loans be used by individuals with income from self-employment who file a 2019 Form 1040, Schedule C?

A PPP loan can be used for:

- Owner compensation replacement, calculated based on 2019 net profit;
- Employee payroll costs for employees whose principal place of residence is in the United States, if you have employees;
- Mortgage interest payments (but not mortgage prepayments or principal payments) on any business mortgage obligation on real or personal property (e.g., the interest on your mortgage for the warehouse you purchased to store business equipment or the interest on an auto loan for a vehicle you use to perform your business), business rent payments (e.g., the warehouse where you store business equipment or the vehicle you use to perform your business), and business utility payments (e.g., the cost of electricity in the warehouse you rent or gas you use driving your business vehicle). You must have claimed or be entitled to claim a deduction for such expenses on your 2019 Form 1040 Schedule C for them to be a permissible use during the eight-week period following the first disbursement of the loan (the “covered period”);
- Interest payments on any other debt obligations that were incurred before February 15, 2020 (such amounts are not eligible for PPP loan forgiveness); or
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020 (maturity will be reset to PPP’s maturity of two years).



4. Assistance for Non-Profit Organizations

Non-profit organizations with under 500 employees are also eligible to receive financial assistance through Economic Injury Disaster Loans (EIDLs) and the Paycheck Protection Program (PPP), outlined on pages 5-7. The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* also provides assistance through tax incentives for charitable giving and employee retention and through a loan program for mid-sized non-profits.

Incentivized Giving

The *CARES Act* incentivizes giving to non-profits by:

- Creating a new above-the-line deduction (universal or non-itemized deduction that applies to all taxpayers) for total charitable contributions of up to \$300
- The incentive applies to cash contributions made in 2020 and can be claimed on tax forms next year
- Lifting the existing cap on annual contributions for those who itemize, raising it from 60 percent of adjusted gross income to 100 percent
- Raising the annual limit on charitable contribution deductions for corporations from 10 percent to 25 percent
- Food donations from corporations would be available to 25 percent, up from the current 15 percent cap

Staff Retention

The *CARES Act* works to ensure staff retention by creating a refundable payroll tax credit of up to \$5,000 for each employee on the payroll when certain conditions are met:

- The entity had to be an ongoing concern at the beginning of 2020, experienced a whole or partial shutdown, and had seen a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019. The availability of the credit would continue each quarter until the organization's revenue exceeds 80 percent of the same quarter in 2019
- Employees receiving Paycheck Protection Program loans are ineligible for this tax credit

[Click here](#) for additional non-profit resources, including information on loans for midsized non-profits.



5. Loan Forgiveness

How to Obtain Loan Forgiveness

1. Complete and submit the Loan Forgiveness Application (SBA Form 3508 or the lender equivalent) to their lender (or the lender servicing its loan). The application details all documentation requirements.
2. The lender will review the application and make a decision regarding loan forgiveness. The lender has 60 days from receipt of a complete application to issue a decision to SBA.
3. If the lender determines that the borrower is entitled to forgiveness of some or all of the amount applied for, the lender will request payment from SBA at the same time the lender issues its decision to SBA.
4. The SBA will remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment, not later than 90 days after the lender's decision is issued to the SBA.
5. The lender is responsible for notifying the borrower of the forgiveness amount.

If the SBA determines in the course of its review that the borrower was ineligible for the PPP loan based on the provisions of the CARES Act, SBA rules or guidance available at the time of the borrower's loan application, or the terms of the borrower's PPP loan application, the loan will not be eligible for forgiveness. Any remaining balance due on the loan must be repaid by the borrower on or before the two-year maturity of the loan.

Eligible Costs for Loan Forgiveness

In general, payroll costs paid or incurred during the twenty-four consecutive week covered period are eligible for forgiveness. Borrowers may seek forgiveness for payroll costs for the twenty-four weeks beginning on either:

- the date of disbursement of the borrower's PPP loan proceeds from the lender; or
- the first day of the first payroll cycle in the covered period.

Payroll costs broadly include compensation in the form of salary, wages, commissions, or similar compensation. If a borrower pays furloughed employees their salary, wages, or commissions during the covered period, these payments are eligible for forgiveness as long as they do not exceed an annual salary of \$100,000, as prorated for the covered period.

A nonpayroll cost is eligible for forgiveness if it was:

- paid during the covered period; or
- incurred during the covered period and paid on or before the next regular billing date, even if the billing date is after the covered period.



Nonpayroll costs include interest payments on any business mortgage obligation on real or personal property incurred before February 15, 2020; payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020; and business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 16, 2020. Eligible nonpayroll costs cannot exceed 40 percent of the loan forgiveness amount. Advance payments of interest on mortgage obligations and principal on mortgage obligations are not eligible for loan forgiveness.

Reductions to Loan Forgiveness Amount

The CARES Act requires reductions in a borrower's loan forgiveness amount based on reductions in full-time equivalent employees or in employee salary and wages during the covered period. There are exemptions for:

- borrowers who have rehired employees and restored salary and wage levels by December 31, 2020 (with limitations);
- borrowers who have offered to rehire employees or restore employee hours whose employees have not accepted;
- borrowers who are able to document an inability to rehire individuals who were employees on February 15, 2020, or similarly qualified employees for unfilled positions on or before December 31, 2020; and
- borrowers who are able to document an inability to return to the same level of business activity that they were operating at before February 15, 2020, due to compliance with requirements from the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration during the period of March 1, 2020, and ending December 31, 2020, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.

Reduction to Employee Count

A reduction in full-time equivalent (FTE) employees, employees who work, on average, 40 hours or more each week, reduces the loan forgiveness amount by the same percentage as the percentage reduction in FTE employees. For example, if a borrower had 10 FTE employees during the reference period and this declined to 8 FTE employees during the covered period, the percentage of FTE employees declined by 20 percent. Loan forgiveness also would be reduced by 20 percent, making 80 percent of eligible expenses available for forgiveness.

For employees who work, on average, less than 40 hours each week, borrowers can either count each part-time employee as 0.5 of an FTE employee or divide the hours per week worked by the employee by 40. For example, if an employee was paid for 30 hours per week on average during the covered period, the borrower would divide 30/40 and consider the part-time employee as 0.75 of an FTE employee.



Borrowers must select one of these two methods and apply the method consistently to calculate the reduction amount.

Reduction to Salaries and Wages

According to the *CARES Act*, a reduction in an employee's salary or wages of more than 25 percent will result in a reduction in the loan forgiveness amount, unless an exception applies.

For each employee, the borrower must reduce the total forgiveness amount by the total dollar amount of the salary or wage reductions that are in excess of 25 percent of base salary or wages between January 1, 2020 and March 31, 2020. For example, if a borrower reduces a FTE employee's weekly salary from \$1,000 per week during the reference period to \$700 per week during the covered period, the first \$250 of that \$300 reduction is covered. The remaining \$50 would be multiplied by the number of weeks (eight) and \$400 would be considered the salary/hourly wage reduction for that employee.

Reduction to Salaries and Wages and Employee Count

The Small Business Administration has determined that the salary/wage reduction applies only to the portion of the decline in employee salary and wages that is not attributable to the FTE reduction. This is to ensure that borrowers are not doubly penalized for reductions. For example, an hourly wage employee who works 40 hours per week whose hours are reduced to 20 hours per week would be considered a reduction in employee count. Because there was no change to the employee's hourly wage, the borrower is not required to conduct a salary/wage reduction calculation for that employee.



6. Frequently Asked Questions

Not sure if you are a small business?

Learn more at <https://www.sba.gov/size-standards/>

What are Economic Injury Disaster Loans (EIDLs)?

EIDLs provide small businesses and non-profit organizations up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred.

Who is eligible to apply for EIDLs?

Small businesses, small agricultural cooperatives, small aquaculture businesses, and most private non-profit businesses, including faith-based organizations, are eligible. For more information about faith-based organizations, [click here](#). 501(c)(6) organizations are eligible for assistance as long as their primary function is not lobbying or they are a consumer and marketing cooperative. The Paycheck Protection Program and Health Care Enhancement Act, passed on April 24, 2020, made agricultural enterprises eligible for the EIDL program.

If I am self-employed or an independent contractor, can I still apply?

Yes, most self-employed individuals will be eligible for an EIDL if they have ongoing expenses or needs they have to meet in order to stay in operation.

How long does the application process and approval take?

On average, it takes 4-6 weeks for applications to be reviewed and an additional 5 days for closing and final payment, if approved. Once applications are received, a case manager will be assigned to each applicant. An initial disbursement of \$25,000 occurs within 5 days after the loan is approved.

What if I need immediate relief?

All applicants for an SBA Economic Injury Disaster Loan are eligible for an Emergency Economic Injury Grant of up to \$10,000, based on employee count. [Learn more here](#). Small businesses who have an existing business relationship with an SBA Express Lender can also apply for an Express Bridge Loan to access up to \$25,000 quickly. The loan will be repaid in full or in part by proceeds from the EIDL loan. [Learn more here](#).



How do I get forgiveness on my EIDL loan?

You must **first** apply for an EIDL and then **request** forgiveness from your lender on your loan. You must provide:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use

Is there help for debt relief?

Yes. The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months and the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020. The SBA is also offering deferment for Disaster Home and Business Loans through the end of 2020. You can find more information [here](#).

What if I have pre-existing SBA loans, including EIDLs from Hurricane Harvey?

You are still eligible to apply. The SBA can also assist with your pre-existing SBA loans. Please look at the answer above for more information on debt relief and loan deferment.

Who is eligible for an Emergency Economic Injury Grant?

You are eligible for an Emergency Economic Injury Grant if you are eligible for an EIDL and have been in operation since January 31, 2020, when the public health crisis was announced. You may request the grant at the end of your Economic Injury Disaster Loan application.

How long are Emergency Economic Injury Grants available?

The grants are available from January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

Am I eligible to receive the Emergency Economic Injury Grant if I applied for an EIDL before the CARES Act was passed?

Yes, you can still receive the Emergency Economic Injury Grant. The SBA recommends emailing them at disastercustomerservice@sba.gov with your application number and an explanation of your situation. Someone will be in touch to make sure you receive your grant.



Who is eligible for Paycheck Protection Program (PPP) Loans?

- Businesses and entities in operation on February 15, 2020
- Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher
 - For more information on faith-based organizations, which are eligible for both EIDL and PPP loans, [click here](#)
- Individuals who operate a sole proprietorship, as an independent contractor, and eligible self-employed individuals
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived
- Any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and receives funding through a Small Business Investment Company, for which the affiliation rules are waived

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and December 31, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

Can I apply as a self-employed person if I was not in operation in 2019?

SBA will issue additional guidance for those individuals with self-employment income who: (i) were not in operation in 2019 but who were in operation on February 15, 2020, and (ii) will file a Form 1040 Schedule C for 2020.

If I am a self-employed person in a partnership, how do I submit a PPP loan?

Partners should apply to the PPP jointly. The self-employment income of general active partners may be reported as a payroll cost, up to \$100,000 annualized, on a PPP loan application filed by or on behalf of the partnership.



Can I apply as a self-employed person if I have already received an SBA EIDL loan?

If you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.

How do I provide accurate information on my PPP loan documents if my compensation has increased from 2019 to 2020?

For individuals with income from self-employment from 2019 for which they have filed or will file a 2019 Form 1040 Schedule C, expenses incurred between January 1, 2020 and February 14, 2020 may not be considered because of the lack of verifiable documentation on expenses in this period.

How do I determine the reference period to compare my employee headcount, wages, and salaries with?

You can select one of the following reference periods: (i) February 15, 2019 through June 30, 2019; (ii) January 1, 2020 through February 29, 2020; or (iii) in the case of a seasonal employer, either of the two preceding methods or a consecutive 12-week period between May 1, 2019 and September 15, 2019.

Are hazard pay, bonuses, and additional wages for tipped employees eligible for forgiveness?

Yes, as long as an employee's total compensation does not exceed \$100,000 on an annualized basis.

What if the normal payroll cycle does not align with the eight-week covered period?

A borrower with a bi-weekly (or more frequent) payroll cycle may use an "alternative payroll covered period" that begins on the first day of the first payroll cycle in the covered period and continues for the following eight weeks. If payroll costs are incurred during this eight-week alternative payroll covered period, but paid after the end of the alternative payroll covered period, such payroll costs are eligible for forgiveness if they are paid no later than the first regular payroll date thereafter.

Will loan forgiveness be reduced if an employee is fired for cause, voluntarily resigns, or voluntarily requests a schedule reaction?

No, when an employee of the borrower is fired for cause, voluntarily resigns, or voluntarily requests a reduced schedule during the covered period, these employees are exempt from the calculation of the FTE reduction penalty.



If a borrower restores reductions made to employee salaries and wages or FTE employees before December 31, 2020, can the borrower avoid a reduction in its loan forgiveness amount?

Yes, the borrower is exempt from any reduction in loan forgiveness.

How can self-employed individuals receive loan forgiveness for their own payroll compensation?

Loan forgiveness for owner-employees and self-employed individuals' payroll compensation can be no more than 8/52 of 2019 compensation (approximately 15.38 percent, representing eight weeks of covered payroll). No additional forgiveness is provided for retirement or health insurance contributions for self-employed individuals, including Schedule C filers and general partners.

For the full COVID-19 Community Resource Guide, visit
<https://fletcher.house.gov/services/covid-19-resources.htm>

For a full listing of URLs (links) in this document, view the Links Appendix at
https://fletcher.house.gov/uploadedfiles/sbaguide_linksappendix.pdf



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